BRIAN L. DAVIDOFF (SBN 102654)
BDavidoff@GreenbergGlusker.com
KEITH PATRICK BANNER (SBN 259502)
KBanner@GreenbergGlusker.com
GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590
Telephone: 310.553.3610
Fax: 310.553.0687

Proposed General Bankruptcy Counsel for
Debtor and Debtor in Possession

UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

LOS ANGELES DIVISION

In re: B&B Liquidating, LLC, Debtor and Debtor in Possession.	Case No. 2:18-bk-11744-NB Chapter 11 **EMERGENCY MOTION FOR ORDER:** **(1) AUTHORIZING DEBTOR IN POSSESSION TO HONOR CERTAIN PRE-PETITION EMPLOYEE WAGES AND BENEFITS IN THE ORDINARY COURSE OF BUSINESS;** **(2) AUTHORIZING ADMINISTRATION AND MAINTENANCE OF EMPLOYEE BENEFITS AND PROGRAMS;** **(3) DIRECTING BANKS AND FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED THERETO; AND** **(4) GRANTING RELATED RELIEF** **MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT THEREOF** [*Declarations of Brian Lipman and Brian Allen in support of first day motions, filed concurrently herewith*] **<u>Emergency Hearing:</u>** **Date: February 22, 2018** **Time: 2:00 p.m.** **Place: Courtroom 1545** **255 E. Temple Street** **Los Angeles, CA 90012**

GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

TO THE HONORABLE NEAL W. BASON, UNITED STATES BANKRUPTCY JUDGE, THE UNITED STATES TRUSTEE, ALL PARTIES-IN-INTEREST HEREIN, AND THEIR RESPECTIVE COUNSEL:

PLEASE TAKE NOTICE that Debtor and Debtor-in-Possession B&B Liquidating, LLC, f/k/a B&B Bachrach, LLC, (the "Company" or the "Debtor") hereby submits this motion (the "Motion"), on an emergency basis, for entry of an order pursuant to sections 105(a), 363, and 507(a), 1107(a) and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code") and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules" and each a "Bankruptcy Rule") authorizing, but not directing the Debtor, to (i) pay and/or honor pre-petition wages, salaries, employee benefits, and other employee compensation or reimbursements; (ii) maintain and administer employee compensation and benefits programs and pay related administrative obligations; (iii) have applicable banks and other financial institutions receive, process, honor, and pay certain checks presented for payment and honor certain fund transfer requests; and (iv) related relief.

As set forth in the accompanying Memorandum of Points and Authorities, there are good and sufficient grounds for granting this Motion. Due to the uncertainty created by the Debtor's bankruptcy filing and pending liquidation, if employees are not provided with immediate assurances that the Debtor's obligations to them will be honored, there is a significant risk that employee will promptly leave the Debtor's employ. Honoring employee obligations is critical if the Debtor is to maintain an employee base during its liquidation.

At the time this case was commenced on February 16 , 2018 (the "Petition Date"), the Debtor estimates that it had approximately $114,099.44 in accrued, unpaid payroll obligations owed to approximately 109 employees operating out of its Los Angeles headquarters and distribution facility and the Company's 14[1] retail stores located throughout the United States; and $7,473.25 of known outstanding obligations under the Company's employee benefits, attributable

[1] Of the 14 stores, one store, Store No. 20 located at the Chicago Fashion Outlet Center, is operated by the Debtor but leased by an affiliated party.

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& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

to pre-petition periods (collectively, the "Pre-Petition Employee Obligations"). This Motion seeks to honor the Pre-Petition Employee Obligations and continue certain benefit programs for said employees, in the Debtor's sole discretion, based on the requirements of applicable non-bankruptcy federal law. The known pre-petition obligations owed to the Company's employees is attached to the Motion as Exhibit 1.

There are at least three legal grounds that enable the Debtor to honor its Pre-Petition Employee Obligations. First, case law recognizes that the terms under which a debtor employs its personnel, including the terms and conditions of employee benefit programs, is a matter that the Debtor may manage in the ordinary course of business subject to its business judgment. Second, any pre-petition claims for employee obligations that do not exceed $12,850 per employee, or claims which continuing employees might assert, are entitled to priority under sections 507(a)(4) and § 507(a)(5) of the Bankruptcy Code. Third, under the judicial "necessity of payment" doctrine and section § 105(a) of the Bankruptcy Code, courts often authorize a debtor to take action, such as honoring pre-petition employee obligations that are necessary to a debtor's reorganization efforts. Because the Debtor's employees are essential to its ability to continue to operate the business during its liquidation and the uninterrupted payment of wages and the honoring of employee benefits is vital to maintaining an employment force during the liquidation process, granting the relief requested herein on an emergency basis is both necessary and appropriate in this case.

This Motion is based upon these moving papers, the accompanying Memorandum of Points and Authorities, the concurrently filed Omnibus Declaration of Brian Lipman in Support of First Day Motions (the "Lipman Declaration"), the Declaration of Brian Allen ("Allen Declaration"), the records and pleadings in this case, the arguments and representations of counsel, and any oral or documentary evidence presented at or prior to the time of the hearing.

PLEASE TAKE FURTHER NOTICE that pursuant to Local Bankruptcy Rule 2081-1 this Motion may be heard pursuant to Local Bankruptcy Rule 9075-1 as an emergency motion. Further, pursuant to Local Bankruptcy Rule 9075-1(a)(2), counsel for the Debtor has contacted the chambers for the Honorable Neal W. Bason and has obtained approval for an emergency

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& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

hearing on the Motion to be held on **February 22, 2018 at 2:00 p.m.** in Courtroom 1545, located at 255 E. Temple Street, Los Angeles, California 90012. Pursuant to Local Bankruptcy Rule 9075-1, any response, written or oral, to the moving papers may be presented before or at the time of the hearing on the Motion.

PLEASE TAKE FURTHER NOTICE that, as instructed by the Court, the Debtor will serve this Notice and Motion, the attached Memorandum of Points and Authorities, and the Lipman Declaration via overnight mail on the following parties or, in lieu thereof, to their counsel, if known: (a) the Office of the United States Trustee; (b) the largest twenty unsecured creditors appearing on the list filed in accordance with Bankruptcy Rule 1007(d) by the Debtor unless and until an official committee of unsecured creditors (the "Committee") is appointed, then in that event, to counsel for the Committee; (c) Siena Lending Group LLC; (d) any other known secured creditors; and (e) parties that file with the Court and serve upon the Debtor requests for notice of all matters in accordance with Bankruptcy Rule 2002. <u>The Debtor also requests that the Court waive compliance with Local Bankruptcy Rule 9075-1(a)(5) requiring telephonic notice of the hearing set hereon and substance thereof, and approve in lieu thereof service by overnight delivery or email</u>. Pursuant to the Court's instructions the Debtor has also served this Motion on all of the employees of the Debtor by first class mail.

In the event that the Court grants the relief requested by the Motion, the Debtor shall provide notice of the entry of the order granting such relief upon each of the foregoing parties and any other parties in interest as the Court directs. The Debtor submits that such notice is sufficient and that no other or further notice need be given.

WHEREFORE, for all the foregoing reasons, and such additional reasons as may be advanced at or prior to the hearing on this Motion, the Debtor respectfully requests that the Court enter an Order, on an emergency basis: (1) authorizing the Debtor to pay and honor in its discretion the Pre-Petition Employee Obligations; (2) authorizing the administration and maintenance of employee benefits and programs, as detailed in the Motion; (3) directing applicable banks and other financial institutions receive, process, honor, and pay certain checks presented for payment and honor certain fund transfer requests; and (4) such other and further relief as is just and proper.

DATED: February 19, 2018

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP

By: */s/ Brian L. Davidoff*
BRIAN L. DAVIDOFF
KEITH PATRICK BANNER
Proposed General Bankruptcy Counsel for Debtor and Debtor in Possession

GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

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GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

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1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

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& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

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& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

MEMORANDUM OF POINTS AND AUTHORITIES

Debtor and Debtor in Possession B&B Liquidating, LLC, f/k/a B&B Bachrach, LLC, (the "Company" or the "Debtor"), having commenced this chapter 11 bankruptcy case on February 16, 2018 (the "Petition Date") hereby submits this motion (the "Motion"), on an emergency basis authorizing the Debtor to honor certain pre-petition employee obligations and continue employee benefit programs, as more fully set forth herein.

I. JURISDICTION AND VENUE

The Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The venue of the case is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The Debtor consents to the entry of a final judgment or order with respect to the Motion if it is determined that the Court, absent consent of the parties, cannot enter a final order or judgment consistent with Article III of the United States Constitution. The statutory predicates for the relief requested herein are sections 105(a), 363, and 507(a), 1107(a) and 1108 of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"); and Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules" and each a "Bankruptcy Rule").

II. SUMMARY BACKGROUND FACTS

The Company is a specialty men's clothing merchandiser with a 140-year history in the retail industry. The Company has traditionally relied on the "brick and mortar" retail model with stores in malls and other marketplaces that fundamentally rely on a consistent flow of customer foot traffic. Like many mall retailers in the current environment, the Company has come to learn that this retail model, in many malls, is rapidly becoming obsolete.

A decline across the board in sales in mid-2016 precipitated the Company's filing of a voluntary chapter 11 petition on April 28, 2017, commencing case no. 2:17-bk-15292-NB ("*Bachrach*"). During the course of *Bachrach*, the Company's goals were four-fold: (a) shed the poorest performing stores; (b) liquidate excess inventory; (c) free up liquidity by resolving the over-advance with the Company's then lender, Israel Discount Bank of New York ("IDB") through restructure of the debt or buyout of the obligation; and (d) restructure leases regarding stores that showed a potential for profitability if the lease was renegotiated.

The Company successfully addressed each of these issues in a brisk chapter 11 reorganization process, and on August 14, 2017 the Court in *Bachrach* confirmed the Debtor's plan of reorganization. *See Bachrach* Docket No. 258 (including all exhibits attached thereto, the "*Bachrach* Plan"). The *Bachrach* Plan went effective on August 31, 2017.

Though *Bachrach* involved complications with the Company's liquidator, difficult negotiations with IDB, and sales that often missed their target, the Company, among other things, (i) successfully liquidated and closed seven underperforming stores; (ii) renegotiated four leases resulting in substantial concessions; and (iii) negotiated a significant discount of approximately $2.45 million from IDB's secured claim of approximately $10.5 million (*See Bachrach*, Claim No. 49).

Despite the relative success of the *Bachrach* reorganization, the decline in sales that the Company had faced pre-petition continued unabated after the Company's exit from the chapter 11 and starved the Company of vital cash.

With restricted use of cash and prolonged negotiations for a new debt facility, the Debtor required a financing arrangement to bridge the gap between the September 27, 2017 maturity date on the IDB loan and the closing of the new financing. The Company obtained a short-term arrangement from Emerald Capital Funding, LLC ("Emerald"), which purchased the IDB loan for $5,800,000. Emerald expected to be paid off in any subsequent refinancing. As part Emerald's buyout of the IDB obligation, the Company executed a deficiency note in favor of IDB with a face value of $1,200,000.00, which can be paid off within six months at 50% of face value. On or about September 19, 2017, the Emerald transaction closed.

Following the closing of the Emerald transaction, the Company completed negotiations with Siena Lending Group, LLC ("Siena") regarding a new asset-based revolving credit facility in an amount not exceeding $7,000,000.00 (the "Siena Loan"). Under the borrowing base calculation of the Siena Loan, the Company was only able to pay Emerald $5.3 million at closing. Therefore, the Company issued a note payable to Emerald in the amount of $500,000, secured by

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

GREENBERG GLUSKER FIELDS CLAMAN
& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

international goods in transit. Siena and Emerald also separately entered into an intercreditor agreement.

With the limiting of cash flow by IDB early in the process, the Company quickly began to fall behind on rent and plan payments. This running deficit was only worsened by the fact that the required two refinance transactions did not close until October 31, 2017, as opposed to the end of September as contemplated under the *Bachrach* Plan. This delay occurred during a critical time for the Company, as the Company's overseas vendors refused to ship inventory for the holiday season until closing of the refinance. Ultimately, the Company did not actually receive the holiday inventory, which is normally delivered during mid-November, until mid-December, which negatively affected the Company's holiday sales.

This cascade of issues ultimately affected the Company's availability under the Siena loan, as Siena has indicated that Company is in default for, among other things, failure to make timely payments under the *Bachrach* Plan and for post-confirmation rent. Siena applied the default interest rate to the loan and further restricted the Company's borrowing base.

Ultimately, the Company was left with no alternative other than an orderly liquidation. The Company engaged Clear Thinking Group LLC ("CTG") as financial adviser. Working with CTG and Siena the Company sought to reach agreement with its landlords to accomplish a liquidation outside of the chapter 11 process. While some landlords were amenable to this, others were not. The end result is the current chapter 11case.

Drawing from the extensive experience of CTG, the Company performed liquidation analyses and solicited bids with various liquidators to conduct the inventory liquidation sales (the "Store Closing Sales") at the 13 locations leased by the Company (the "Closing Stores"). The Store Closing Sales will span a 16-week period, with the Closing Stores closed upon completion of each Store Closing Sale. Prior to the Petition Date, the Debtor retained liquidation consultants, Great American Group, LLC and Tiger Capital Group, LLC (collectively, the "Liquidation Consultant") to conduct the Store Closing Sales. At the conclusion of the sale period, the Debtor intends to reject all of its leases and terminate operations. The Debtor will also seek to sell its intellectual property and other assets. For a further discussion on the events leading up to the bankruptcy filing and the business structure of the Company, please refer to the Lipman Declaration and the Allen Declaration filed concurrently herewith.

III. THE DEBTOR'S EMPLOYEES ARE CRITICAL TO THE COMPANY'S OPERATIONS DURING ITS LIQUIDATION

As of the Petition Date, the Debtor employed a total of approximately 109 non-insider[2] individuals (the "Employees") at its headquarters, e-commerce facility and distribution center located in Los Angeles, California and at the retail stores located in the following states: Illinois, Indiana, Kansas, Michigan, New Jersey, Tennessee, Texas, Wisconsin, and Virginia. Approximately 77 of the Employees are regular full-time employees (the "Full-Time Employees") and approximately 32 are part-time employees (the "Part-Time Employees").

The Employees are critical to the Company during its liquidation. During the liquidation process, in addition to conducting the sales, the Employees will continue other general operations, including warehousing, billing and shipping, and some perform crucial administrative and financial management services. Some of Debtor's corporate office employees have been, and will continue to be heavily involved in reviewing and assisting the preparation of Bankruptcy Court documents and the financial reports required by the Office of the United States Trustee ("U.S. Trustee"), and preparing the vital financial projections and budgets required by the Court and senior lender Siena Lending Group LLC ("Siena").

To prevent wholesale defections during the Company's liquidation and maintain a modicum of employee morale, it is essential for the Debtor to honor its pre-petition employee obligations. Failing to honor payroll commitments and discontinuing employee-benefit programs would likely result in a mass exit, leaving the Company with insufficient staff to support the liquidation process.

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[2] The Debtor is not seeking to compensate any insiders pursuant to this Motion. Rather, any payments to insiders will follow the Notice of Insider Compensation procedures promulgated by the U.S. Trustee.

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1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

IV. PRE-PETITION PAYROLL OBLIGATIONS

A. Pre-petition Wages and Salaries Accrued

The Debtor's Employees are paid their wages (including hourly wages and earned incentive pay sales commissions) and salaries on a bi-weekly basis, with one week in arrears. Therefore, the Debtor has outstanding payroll obligations to its Employees at any given time. For example, the Petition Date (February 16, 2018) occurred during pay period of February 5, 2018 through February 18, 2018, which is scheduled to be paid to employees on February 23, 2018. As illustrated, as of the Petition Date, Employees will have earned, but were not paid their pre-petition wages for the stub period from February 5, 2018 through February 16, 2018 (the "Pre-Petition Period"). The Debtor seeks the authority to pay the Employee's wages earned during the Pre-Petition Period, but which were unpaid, totaling approximately $114,099.44 (the "Pre-Petition Wage Obligations"). As illustrated in Exhibit 1, the amount owed to any individual employee for the Pre-Petition Period does not exceed the statutory cap of $12,850 as set forth in section 507(a)(4) of the Bankruptcy Code.

The Company's payroll is disbursed by Modern HR, Inc. ("Modern HR") which administers and manages the Debtor's payroll and employee benefit programs pursuant to a Client Services Agreement (the "Modern HR Agreement). In order for Modern HR to timely process the Debtor's payroll according to its established payroll cycles, the Debtor must provide payroll data, and wire sufficient payroll funds to Modern HR no later than one business day before the pay date. Therefore, as the Debtor's first post-petition pay date is scheduled for February 23, 2018, the Debtor must provide payroll data and wire payroll funds to be received by Modern HR by the close of business on February 22, 2018 in order for the Debtor to timely make payroll. For administrative convenience, the Debtor requests that it be authorized to combine post-petition payroll obligations with the Pre-Petition Payroll Obligations in the February 23, 2018 payroll, as no individual obligation owed from the Pre-Petition Period exceeds the $12,850 cap provided by section 507(a)(4) of the Bankruptcy Code.

In the ordinary course of its business, the Debtor routinely withholds from all employee wages certain amounts that the Debtor is required to transmit to third parties for purposes such as

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1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

Social Security and Medicare, federal and state or local income, unemployment and disability taxes, contributions to the Debtor's benefit plans, garnishment, child support or similar obligations pursuant to court order or law (collectively, the "Withholding Obligations", together with the Pre-Petition Wage Obligations, the "Pre-Petition Payroll Obligations"). The pre-petition amount of such Withholding Obligations accrued but unpaid as of the Petition Date is embedded in the Pre-Petition Payroll Obligations and includes the employer portion of such taxes. *See* Exhibit 1. Except for the employer portion of the taxes, the Withholding Obligations do not constitute property of the estate and principally represent employee earnings that governments (in the case of taxes), employees (in the case of voluntary withholding obligations), and judicial authorities (in the case of involuntary withholding obligations), have designated for deduction from employee paychecks.

V. PRE-PETITION EMPLOYEE BENEFIT OBLIGATIONS

The Company's business practice has been to provide its Full-Time Employees with benefit plans and programs designed to assist them in meeting certain financial burdens and to keep employee morale positive for the benefit of the Debtor's business. These programs include, as detailed below, such standard benefits as paid time-off (intended to include vacation and sick time); legal holidays; bereavement leave and time off for jury duty; health, vision and dental insurance benefits; group life and disability insurance; and coverage through state insurance programs, including workers' compensation and unemployment insurance (collectively, the "Employee Benefit Programs").

This Motion requests that the Court enter an order authorizing the Debtor, in its sole discretion to maintain, administer and honor and continue its Employee Benefit Programs in the ordinary course of business. In administering the Employee Benefit Programs, Debtor incurs certain regularly occurring liabilities that vary depending upon the nature and configuration of the applicable benefit. This has inevitably resulted in certain pre-petition obligations owed under the Employee Benefit Programs to be outstanding as of the Petition Date (the "Pre-Petition Employee Benefit Obligations", together with the Pre-Petition Payroll Obligations, the "Pre-Petition Employee Obligations"). Some Pre-Petition Employee Benefit Obligations may be easily

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1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

ascertainable (i.e. recurring monthly medical plan premiums), whereas others may be difficult to calculate (i.e. accrued time off or unfiled worker's compensation claims). Therefore, the figures included in the following discussion are the Debtor's best estimates of the amounts currently outstanding under the employee-benefit programs. In the event that any single pre-petition liability owed to any individual employee under the Pre-Petition Benefit Obligations is found to exceed $12,850, the Debtor will supplement this Motion and seek approval thereof.

A. <u>The Company's Paid Time-Off Policy</u>

The Company provides Full-Time Employees with a certain amount of paid time-off each year, including time for vacation ("Vacation PTO") and sick leave ("Sick PTO", together with Vacation PTO, the "PTO"), which varies based on the Full-Time Employees' length of service and employment location. Part-Time Employees are not eligible for PTO. For Sick PTO, Full-Time Employees working in California earn .0334 hours of Sick PTO for every hour worked, capped at 72 hours. For Full-Time Employees located outside of California, Sick PTO does not begin to accrue until successfully completing 90 days of service; thereafter accruing at a rate of 24 hours, annually. Sick PTO is not a vested benefit and is not paid to the employee upon termination.

For Vacation PTO, base Vacation PTO amounts do not accrue until the Full-Time Employee has achieved 6 months of service. Thereafter, Vacation PTO accrues as follows: from 7 months to 12 months of service, Full-Time Employees accrue 5 days of capped annual Vacation PTO; from 13 months to 48 months, Full-Time Employees continue to accrue 5 days of capped annual Vacation PTO; from 49 months to 96 months, Full-Time Employees accrue 10 days of capped annual Vacation PTO; and from 97 months and beyond, Full-Time Employees accrue 15 days of capped annual Vacation PTO. Full-Time Employees with accrued Vacation PTO may not use their accrued time until successfully completing one year of service. When used, Vacation PTO is paid at the employee's regular straight time rate. Whether accrued Vacation PTO is paid out to the Full-Time Employee upon termination varies by state, according to the following table:

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GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

State	PTO Paid Upon Termination?
California	Yes
Indiana	Yes
Illinois	Yes
Kansas	Yes
Michigan	No
New Jersey	No
New York	No
Tennessee	No
Texas	No
Virginia	No

Since the Debtor will be liquidating the Company through this chapter 11 proceeding, and closing stores at different times, the Debtor may be required to pay PTO that accrued pre-petition to any Employees located in California, Indiana, Illinois and Kansas that are terminated post-petition. Further, the extent that Full-Time Employees will use PTO accrued pre-petition for post-petition work days is unknown; in any event, this is not expected to have any significant effect on the Debtor's finances. The Debtor seeks approval to honor any such obligations in the ordinary course of business, in the same manner as honored prior to the Petition Date.

B. Employee Health Benefits

The Debtor provides health insurance to its Full-Time Employees, including medical, dental, and vision insurance (collectively, the "Health Plans"), as described in more detail below. Modern HR administers all Health Plans for the Debtor and invoices the Debtor for the employer portion of any applicable premiums. Modern HR deducts the Employees' portion of premiums from their bi-weekly wages. The Debtor requests authority to remit any amounts owing on account of its portion of the Health Plans for the pre-petition period.

1. The Medical Plan

The Debtor provides its Full-Time Employees a PPO medical insurance plan through various insurance providers (the "Medical Plan"), administered by Modern HR. Of the Full-Time Employees' fixed premiums, the Debtor contributes between $150 to $225 an average per pay period, depending upon the type of coverage elected by the Full-Time Employee, with such Employee responsible for the premium balance. *See* Exhibit 1. The Debtor's portion of the

Employee's monthly premium is invoiced in two installments per month as part of the Debtor's normal bi-weekly payroll.[3] On an average monthly basis, the Debtor remits approximately $15,000 to $20,000 to Modern HR to pay the employer portion of the premiums owed on account of the Medical Plan.

As of the Petition Date, the Company owes approximately $7,473.25 for pre-petition invoiced premiums due and owing for the Medical Plan relating to approximately 37 Full-Time Employees participating in the Medical Plan. The Debtor seeks the authority to pay this amount in the normal course of business and to pay future premiums as they come due under the Medical Plan. The Debtor further seeks to continue to offer the Medical Plan post-petition in the ordinary course of business in its sole discretion.

2. COBRA Coverage

In accordance with applicable law, the Debtor offers its employees, upon separation, the opportunity to continue the medical benefits provided by the Medical Plan under COBRA. As of the Petition Date there were no former employees were covered under the COBRA program. Nevertheless, out of abundance of caution the Debtor seeks to honor pre-petition obligations under COBRA that arose pre-petition but are unknown to the Debtor due to the Employee having yet to file a claim. The Debtor is aware that under applicable law, upon termination of the plan when the Debtor ceases operations, no further COBRA obligations will be due.

C. <u>Worker's Compensation Insurance</u>

Under the laws of various states, the Debtor is required to maintain workers' compensation insurance (the "WC Insurance") to provide its Employees with coverage for injury claims arising from or related to their employment with the Debtor. The Debtor's WC Insurance coverage is administered by Modern HR and invoiced to the Debtor. The premiums due on the WC Insurance are assessed on bi-weekly basis based on the Debtor's self-reported payroll. On average, the Debtor pays between approximately $2,000 to $3,000 per pay period for WC Insurance premiums.

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[3] Except that no premium is invoiced for the months in which payroll is funded three times.

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1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

As of the Petition Date, the Company owes approximately $2,425.27 for pre-petition invoiced premiums due and owing for WC Insurance premiums. The Debtor seeks the authority to pay this amount in the normal course of business and to pay future premiums as they come due for WC Insurance. The Debtor further seeks to continue to offer WC Insurance post-petition.

D. Expense Reimbursement

The Company reimburses certain Employees for qualified business expenses, such as work-related travel, certain of which are required in some states in which the Debtor operates. For instance, Employees located in California are required to be reimbursed expenses pursuant to California Labor Code section 2802. As of the Petition Date, the Company owed seven (7) Employees reimbursement for qualified business expenses incurred in the scope of their employment. The total of these expenses is approximately $9,515.14. The Debtor is unaware of additional expenses incurred by Employees prior to the Petition Date, but it is possible that certain Employees have incurred expenses pre-petition but have yet to seek reimbursement from the Company. The Debtor seeks authority to honor its policy to reimburse employees for qualified expenses in the ordinary course of business, which includes the payment of these pre-petition expenses and those that the Debtor later becomes aware of, as such Employees incurred the expenses in reliance on the Company's policy. The Debtor submits that payment of these *de minimus* expense reimbursements is necessary for the retention of these Employees post-petition.

VI. ARGUMENT

A. Many of The Pre-Petition Employee Obligations Are Priority Claims Under Sections 507(a)(4) and/ or 507(a)(5) of the Bankruptcy Code

Pursuant to section 507(a)(4)(A) of the Bankruptcy Code, employee claims for "wages, salaries, or commissions, including vacation, severance, and sick leave pay" earned within 180 days before the Petition Date are afforded priority unsecured status up to $12,850 per employee. *See* 11 U.S.C. § 507(a)(4)(A). In addition, section 507(a)(5) provides the Debtor's employees with a priority claim for contributions to an employee benefit plan arising from services rendered within 180 days of the Petition Date, to the extent of (1) the number of employees covered by the plan multiplied by $12,850 less (2) the aggregate amount paid to such employees under section

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& MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

507(a)(4), plus the aggregate amount paid by the estate on behalf of such employees to any other employee benefit plan. *See* 11 U.S.C. § 507(a)(5).

As described above and as illustrated on Exhibit 1, the Pre-Petition Payroll Obligations accrued within the pre-petition 180-day period, do not exceed the $12,850 limit per employee, and thus are entitled to priority status under section 507(a)(4) of the Bankruptcy Code. In addition, the Debtor does not believe any PTO obligations owed to employees would cause the obligation owed to any individual employee to exceed this section 507(a)(4) threshold. Further, any known non-PTO Pre-Petition Benefit Obligation appears to be *de minimis* and will not exceed the $12,850 per-employee aggregate threshold set forth in section 507(a)(5) of the Bankruptcy Code. As priority claims, the applicable Pre-Petition Employee Obligations must be paid in full before any general unsecured obligations of the Debtor may be satisfied. Accordingly, the relief requested affects only the timing of the payment of these priority obligations and will not prejudice the rights of general unsecured creditors or other parties in interest.

With respect to any Pre-Petition Payroll Obligations owed to any employee that constitutes an "insider" under section 101(31) of the Bankruptcy Code, any such obligations approved under this Motion will be withheld until satisfaction of the U.S. Trustee Guidelines for payments to insiders, including proper service of a Notice of Setting/Increasing Insider Compensation.

B. Honoring the Pre-Petition Employee Obligations Is in the Ordinary Course of Business.

The Debtor is seeking authority to continue funding its payroll and employee benefit obligations in the conduct of its liquidation efforts and to pay all Pre-Petition Employee Obligations, subject to the applicable statutory limits. The Debtor submits that the costs associated with paying Pre-Petition Employee Obligations are minimal compared with the damage that would ensue if the Debtor failed to meet its Pre-Petition Employee Obligations.

Courts generally acknowledge that a debtor, in the ordinary course of business and subject to its business judgment, may set the terms of continuing employee relationships such as the

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terms and conditions of employment. *See, e.g., In re Pac. Forest Indus., Inc.*, 95 B.R. 740, 743 (Bankr. C.D. Cal. 1989) ("Employees do not need court permission to be paid and are usually paid as part of the ongoing operation of the business."). The fact that certain terms of the employment relationships were established pre-petition does not render their post-petition maintenance any less in the ordinary course. Otherwise, debtors in possession would be required to seek court approval for virtually all aspects of their employee relationships. As the bankruptcy court noted in the *Matter of All Seasons Indus., Inc.*, this is precisely the result that Congress sought to avoid when it enacted sections 363(c)(1), 1107(a), and 1108 of the Bankruptcy Code, which permit a debtor in possession to continue operations in the ordinary course of business. *See* 11 U.S.C. §§ 363(c)(1), 1107(a), and 1108; 121 B.R. 822, 826 (Bankr. N.D. Ind. 1990) ("One of the major purposes for [these revisions of the Bankruptcy Code] was to remove the bankruptcy judge from the immediate supervision.").

Moreover, the fact that a company is facing liquidation rather than reorganization does not alter the fact that the existing employment relationships were established in the ordinary course of business and pre-petition obligations should be honored accordingly. Courts often grant similar motions when the company is facing liquidation. *See e.g. In re Bon-Ton Stores, Inc.*, 18-10248 (Bankr. D. Del. 2018) [Docket No. 118]; *In re American Apparel, et al.*, 16-12551 (Bankr. D. Del. 2016) [Docket No. 60]; *In re General Wireless Operations Inc. (Radio Shack II)*, 17-10506 (Bankr. D. Del. 2017) [Docket No. 87].

C. <u>This Court Has Authority Pursuant to Sections 105(a) and 363(b)(1) and the "Necessity of Payment" Doctrine to Grant the Relief Requested</u>

In addition to sections 363(c)(1) and 507(a)(4) and (5), statutory support for the requested relief also exists pursuant to Bankruptcy Code sections 105(a) and 363(b)(1) and the "necessity of payment" doctrine. Section 105(a) provides in part:

> The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.

11 U.S.C. §105(a). Section 105(a) grants bankruptcy courts broad authority and discretion to enforce the provisions of the Bankruptcy Code by relying on either specific statutory or equitable

common law principles. The basic purpose of section 105 is to enable the court to do whatever is appropriate and necessary to aid in its jurisdiction, in anything arising in or relating to a bankruptcy case." 2 COLLIER ON BANKRUPTCY, ¶ 105.01 (Alan N. Resnick & Henry J. Sommer eds., 16th ed.). Essentially, section 105(a) codifies the bankruptcy court's inherent equitable powers. *See In re Am. Hardwoods, Inc*., 885 F.2d 621, 625 (9th Cir. 1989) (section 105 endows the court with general equitable powers, where not inconsistent with more specific law); *Eskanos & Adler, P.C. v. Roman (In re Roman*), 283 B.R. 1, 13 (9th Cir. BAP 2002) ("[s]ection 105 provides a bankruptcy court with broad equitable powers"); *Mgmt. Tech. Corp. v. Pardo*, 56 B.R. 337, 339 (Bankr. D.N.J. 1985) (noting that the court's equitable power is derived from section 105). In addition, Bankruptcy Code section 363(b)(1) authorizes a debtor-in-possession to use property of the estate other than in the ordinary course of business after notice and a hearing, giving bankruptcy courts broad flexibility to permit the debtor to expend funds outside the ordinary course of business. If the debtor articulates the business justification for using property outside of the ordinary course of business, bankruptcy courts may permit its expenditure under section 363(b)(1).

Bankruptcy courts have authorized the payment and/or honoring of employee-related claims, similar to the relief sought herein, pursuant to Sections 105(a) and 363(b), where such action is necessary to ensure that the debtor can continue its business operations uninterrupted. *See e.g. In re Adam's Apple, Inc.*, 829 F.2d 1484, 1490 (9th Cir. 1987); *In re Equalenet Communications Corp.*, 258 B.R. 368, 370 (Bankr. S.D. Tex. 2001) (recognizing that the need to pay employee priority wage claims is "simple common sense"); *In re Gulf Air, Inc.*, 112 B.R. 152, 154 (Bankr. W.D. La. 1989) (permitting payment of wages, "rig time", expenses, health insurance, and workers' compensation programs for its employees). Recently, the United States Supreme Court recognized that courts commonly approve "first-day wage orders that allow payment of employees' prepetition wages". *Czyzewski v. Jevic Holdings Corp. (In re Jevic)*, 580 U.S. __, 137 S.Ct. 973, 985 (2017).

"Employees are more likely to stay in place and to refrain from actions that could be detrimental to the case and/or the estate if their pay and benefits remain intact and uninterrupted."

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Equalnet, 258 B.R. at 370. Where, as here, retention of the Debtor's employees is critical to the success of its 16-week liquidation, payment of the pre-petition obligations should be allowed under the "necessity of payment" rule recognized by various courts pursuant to sections 105(a) and 363(b)(1).

Moreover, for a number of reasons, the Bankruptcy Code affords special treatment to certain pre-petition claims of employees. Compared to a typical claim in bankruptcy, wages represent a large part of an employee's wealth. In addition, unlike an ordinary trade creditor, the typical employee does not have other sources of income and thus cannot diversify the risk of the employer's default. Many employees live from paycheck to paycheck and rely exclusively on receiving their full compensation or reimbursement of their expenses to pay their daily living expenses. The Debtor's Employees and their families also would suffer undue hardship if the Debtor is not permitted to pay and/or honor the wages and benefits owed to its employees. The relief sought herein is needed for the employees to meet their financial obligations and maintain their personal health and well-being.

Based on the strong public policy supporting the relief requested, the granting of similar relief has become a relatively common practice in business chapter 11 cases, including in *Bachrach* [Docket No. 48] and the following unreported cases in the Central District of California: *In re Shiekh Shoes, LLC*, 2:17-bk-24626-VZ (C.D. Cal. 2017) [Docket No. 63], *In re Cornerstone Apparel, Inc.*, 2:17-bk-17292-VZ (Bankr. C.D. Cal. 2017) [Docket No. 49], *In re Channel Technologies Group, LLC,* 9:16-bk-11912-PC (Bankr. C.D. Cal. 2016) [Docket No. 61]; In *re Freedom Communications, Inc.*, 8:15-bk-15311-MW (Bankr. C.D. Cal. 2015) [Docket No. 43]*; In re American Suzuki Motor Corp.*, 8:12-bk-22808-SC (Bankr. C.D. Cal. Nov. 7, 2012) [Docket No. 67]; *In re Gordian Medical, Inc.*, 8:12-bk-12339-MW (Bankr. C.D. Cal. 2012) [Docket No. 57]; *In re Ocean Park Hotels – Toy, LLC*, 1:10-bk-15358-GM (Bankr. C.D. Cal. May 11, 2010) [Dkt. No. 25]; *In re Victor Valley Community Hospital*, 6:10-39537-CB (Bankr. C.D. Cal. 2010) [Docket No. 30].

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D. Banks and Other Financial Institutions Should Be Authorized and Directed to Honor Checks Issued to Pay Pre-Petition Employee Obligations, to Honor All Fund Transfer Requests Relating to the Foregoing, and to Pay All Processing Fees Associated with Payment of Pre-Petition Employee Obligations

The Debtor requests that all applicable banks and other financial institutions be authorized to receive, process, honor, and pay all checks presented for payment and to honor all fund transfer requests made by the Debtor to Employees, whether such checks were presented or fund transfer requests were submitted prior to, on, or after the Petition Date.

Finally, the Debtor requests authority to pay all of the processing and other fees associated with payment of the Pre-Petition Employee Obligations, including, but not limited to, any fees owed to Modern HR and any other third-party administrators of Employee wages and benefits as described herein.

E. The Order Should Be Effective Immediately

Bankruptcy Rule 6003 provides that the relief requested in this Motion may be granted if the "relief is necessary to avoid immediate and irreparable harm." Fed. R. Bankr. P. 6003. The Debtor submits that for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtor.

The Debtor further seeks a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Rule 6004(h) of the Bankruptcy Rules, "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of fourteen (14) days after entry of the order, unless the court orders otherwise." As set forth above, the relief requested herein is essential to prevent irreparable damage to the Debtor's operations and efforts to maximize recovery in an orderly liquidation of its assets. Thus, the relief sought in this Motion is appropriate under these circumstances.

VII. INFORMATION REQUIRED BY LOCAL BANKRUPTCY RULE 2081-1(A)(6)

The following information is provided pursuant to Local Bankruptcy Rule 2081-1(a)(6):

1. The Employees Are Still Employed: At this time, the Debtor proposes to pay and/or honor the Pre-Petition Employee Obligations of only those employees who were employed

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by the Debtor as of the Petition Date.

2. The Necessity of Payment: Under the Bankruptcy Code, upon commencement of this case, the Debtor is restricted from paying and/or honoring unsecured claims that arose prior to the Petition Date without Court authorization. This includes amounts owed to or on account of the Debtor's Pre-Petition Employee Obligations. However, failure to pay the Pre-Petition Employee Obligations would hinder the Debtor's liquidation efforts and risk a diminished recovery. The Company's employees expect payment of their wages and salaries on certain pre-determined dates, and they expect that their employee benefits to be honored and continued, notwithstanding the Company's decision to engage in an orderly liquidation. The Debtor cannot afford to miss one of these pay periods or discontinue the benefits program without the risk of losing its employees and potentially incurring liability for statutory violations.

3. The Benefit of the Procedures: As discussed above, the Debtor seeks authority to pay Pre-Petition Employee Obligations so that employees will be paid on, or near to, the expected pay dates. This is beneficial to prevent wholesale attrition in the Debtor's workforce, which is vital during the liquidation period. Such disruption or cessation would result in immediate and irreparable harm and loss to the estate.

4. The Prospect of Reorganization: As detailed above, the Debtor has entered this chapter 11 bankruptcy with the intention to conduct an orderly liquidation of its inventory and close its stores. The Debtor will not be seeking reorganization.

5. The Employees Are Not Insiders: The Employees that the Debtor seeks to pay under this Motion consist of only non-insider employees. The Debtor will withhold any payments to insiders until such time as the insider compensation is approved pursuant to the procedures for insider compensation set forth by the United States Trustee. Such insiders include Brian Lipman, Bradley Lipman and Dean Asher. Bradley Lipman and Dean Asher are no longer employed by the Debtor and the wages due to them as reflected in Exhibit 1 represents their final paychecks.

6. The Employee Claims Are Within the Limits Established by Section 507(a): As discussed above and illustrated in the attached Exhibit 1, The Company seeks to pay and/or honor claims which are within the limits established by Section 507(a)

7. The Payment Will Not Render the Estate Administratively Insolvent: As detailed above, the Pre-Petition Employee Obligations sought to be paid pursuant to this Motion are minimal. Known Pre-Petition Payroll obligations amount to approximately $114,099.44 and the remaining unknown Pre-Petition Employee Obligations are likely not to exceed either of these quantified obligations. These amounts are also provided for in the budget with the Debtor's lender. Therefore, the Company's payment of these pre-petition obligations will not render the estate administratively insolvent.

VIII. CONCLUSION

Based upon the foregoing, the Debtor respectfully requests that the Court enter an order, on an emergency basis: (1) authorizing the Debtor to pay and honor in its discretion the Pre-Petition Employee Obligations; (2) authorizing the administration and maintenance of the Employee Benefit Programs; (3) directing applicable banks and other financial institutions receive, process, honor, and pay certain checks presented for payment and honor certain fund transfer requests; and (4) such other and further relief as is just and proper.

DATED: February 19, 2018

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP

By: */s/ Brian L. Davidoff*
BRIAN L. DAVIDOFF
KEITH PATRICK BANNER
Proposed General Bankruptcy Counsel for Debtor and Debtor in Possession

GREENBERG GLUSKER FIELDS CLAMAN & MACHTINGER LLP
1900 Avenue of the Stars, 21st Floor
Los Angeles, California 90067-4590

EXHIBIT 1

Exhibit 1 – Payroll as of Petition Date

Non-Insider Employees

Store	Employee Name	Gross Wages	Taxes	Health	Workers Comp	Admin Fee	Employee Reimbursements
08	DREXLER, LACHANTE D	$ 971.59	$ 97.16	$ 225.00	$ 19.43	$ 9.72	
08	GILLESPIE, TAYLAIR DACHE	$ 1,015.55	$ 101.56		$ 20.31	$ 10.16	
08	RICHARDSON, WARICK R	$ 3,768.80	$ 376.88	$ 225.00	$ 75.38	$ 37.69	$ 1,449.14
08	GIBBS, COURTNEY M	$ 924.52	$ 92.45		$ 18.49	$ 9.25	
08	HOWARD, WILLIAM	$ 1,355.52	$ 135.55	$ 225.00	$ 27.11	$ 13.56	
12	MOORE, JANUARIE L	$ 2,310.75	$ 231.08	$ 225.00	$ 46.22	$ 23.11	
12	OSBORNE, ANISA RAYSHAUN	$ 965.55	$ 96.56		$ 19.31	$ 9.66	
12	OSBORNE, MAHOGANY DANIELLE	$ 545.49	$ 54.55		$ 10.91	$ 5.45	
12	CODY, QUINCY LEE	$ 90.33	$ 9.03		$ 1.81	$ 0.90	
12	NELSON, LAUREN	$ 170.21	$ 17.02		$ 3.40	$ 1.70	
16	JONES, ASHLEY KAY	$ 2,029.77	$ 202.98		$ 40.60	$ 20.30	
16	WRIGHT, ALPHONSO	$ 1,015.52	$ 101.55		$ 20.31	$ 10.16	
16	ETTERS, WILLIAM LAWRENCE	$ 803.95	$ 80.40		$ 16.08	$ 8.04	
16	GRAVES, AMBOR LEEANNE	$ 170.32	$ 17.03		$ 3.41	$ 1.70	
18	BARNES, ROKITO	$ 442.42	$ 44.24		$ 8.85	$ 4.42	
18	CARDENAS, MIGUEL	$ 483.27	$ 48.33	$ 225.00	$ 9.67	$ 4.83	
18	DUARTE, ONESINO M	$ 427.00	$ 42.70		$ 8.54	$ 4.27	
18	PRESTON, JONATHAN WINSTON	$ 486.75	$ 48.68	$ 225.00	$ 9.74	$ 4.87	
18	WEBSTER, DONNEKA LASHON	$ 1,920.67	$ 192.07	$ 225.00	$ 38.41	$ 19.21	
18	WILTZ, LAUREN	$ 2,115.36	$ 211.54		$ 42.31	$ 21.15	
18	YARBROUGH CHARLES EDWARD	$ 757.84	$ 75.78	$ 225.00	$ 15.16	$ 7.58	
20	HOBBS, RUDY	$ 552.49	$ 55.25		$ 11.05	$ 5.52	
20	JACKSON, TASEAN ANTHONY	$ 143.88	$ 14.39		$ 2.88	$ 1.44	
20	PAZAND, DOMARINA	$ 1,362.09	$ 136.21	$ 225.00	$ 27.24	$ 13.62	
20	RAMIREZ, TANAIRI	$ 952.84	$ 95.28		$ 19.06	$ 9.53	
20	TAHA, SARA MAYA	$ 750.81	$ 75.08		$ 15.02	$ 7.51	
21	BALLOU, CASSONDRA LEE	$ 1,244.33	$ 124.43	$ 225.00	$ 24.89	$ 12.44	
21	BISHOP, HUNTER THOMAS	$ 236.53	$ 23.65		$ 4.73	$ 2.37	
21	DECRAENE, JACK R	$ 181.70	$ 18.17		$ 3.63	$ 1.82	
21	FUNARI, DAPHNE SPELL	$ 1,903.84	$ 190.38		$ 38.08	$ 19.04	
21	JOHNSON, KESHAWN L	$ 102.50	$ 10.25		$ 2.05	$ 1.03	
21	JOHNSON, KEDARIUS JABBAR	$ 265.03	$ 26.50		$ 5.30	$ 2.65	
21	COLLINS, EZEKIEL KYLE	$ 215.53	$ 21.55		$ 4.31	$ 2.16	
25	BRANCH, DEMETRIUS D	$ 166.67	$ 16.67		$ 3.33	$ 1.67	
25	EVERS, REBECCA ANNE	$ 2,000.00	$ 200.00		$ 40.00	$ 20.00	
25	FLORES, JONATHAN	$ 569.00	$ 56.90		$ 11.38	$ 5.69	
25	MOHAMED, FATUN F	$ 143.14	$ 14.31		$ 2.86	$ 1.43	
25	RIEDEL, CHRIS	$ 849.05	$ 84.91	$ 225.00	$ 16.98	$ 8.49	
25	THOMPSON, WILLIE E	$ 1,368.50	$ 136.85		$ 27.37	$ 13.69	
28	ASANI, DRITON	$ 113.67	$ 11.37		$ 2.27	$ 1.14	
28	BRIGANDO, GABRIELLA	$ 138.33	$ 13.83		$ 2.77	$ 1.38	
28	KENDRICK, TIMOTHY E	$ 2,153.85	$ 215.38	$ 225.00	$ 43.08	$ 21.54	
28	LITTLE, KEVIN	$ 163.00	$ 16.30		$ 3.26	$ 1.63	
28	TANNEHILL, HARRY J	$ 925.80	$ 92.58		$ 18.52	$ 9.26	
31	BOUROV, NIKOLAY	$ 694.27	$ 69.43		$ 13.89	$ 6.94	
31	CATHRINER, ADAM	$ 710.65	$ 71.07		$ 14.21	$ 7.11	
31	DEEB, HAIMZAH	$ 1,591.84	$ 159.18		$ 31.84	$ 15.92	
31	METCALF, VINSON CORTEZ	$ 92.00	$ 9.20		$ 1.84	$ 0.92	
31	PORTER, TOREY	$ 139.84	$ 13.98		$ 2.80	$ 1.40	
31	KIMBLEY JR, JOHN	$ 2,223.01	$ 222.30	$ 225.00	$ 44.46	$ 22.23	$ 1,010.00
37	BURGIN, REAHNA	$ 1,195.46	$ 119.55		$ 23.91	$ 11.95	
37	GOLDEN, COREY	$ 2.41	$ 0.24		$ 0.05	$ 0.02	
37	HOLLAND, DERREK	$ 804.53	$ 80.45		$ 16.09	$ 8.05	
37	LAMPTEY, PAUL	$ 494.02	$ 49.40		$ 9.88	$ 4.94	
37	LARES, STEVEN	$ 2,513.16	$ 251.32	$ 225.00	$ 50.26	$ 25.13	$ 2,206.00
37	SIMS, ARLEN	$ 69.16	$ 6.92		$ 1.38	$ 0.69	
37	WILKERSON, MEGAN SHAREE	$ 6.87	$ 0.69		$ 0.14	$ 0.07	
37	WILSON, TERRY	$ 137.45	$ 13.75		$ 2.75	$ 1.37	
64	GALEAS, BRITTANY L	$ 3,000.00	$ 300.00	$ 225.00	$ 60.00	$ 30.00	$ 548.00
64	CATHEY, KAELA EVELYN-MESHELL	$ 43.67	$ 4.37		$ 0.87	$ 0.44	
64	DOBINSKI, WILLIAM M	$ 1,802.00	$ 180.20	$ 225.00	$ 36.04	$ 18.02	
64	MARTIN, LINDSEY SLOAN	$ 1,669.71	$ 166.97		$ 33.39	$ 16.70	
64	TEMPLETON, DEREK	$ 613.50	$ 61.35		$ 12.27	$ 6.13	
64	WERBROUCK, KENNETH P	$ 2,316.81	$ 231.68	$ 225.00	$ 46.34	$ 23.17	

Exhibit 1 – Payroll as of Petition Date

Store	Employee Name	Gross Wages	Taxes	Health	Workers Comp	Admin Fee	Employee Reimbursements
64	YOUSIF, WAHIDA	$ 1,289.05	$ 128.91		$ 25.78	$ 12.89	
64	MUSCAT, JARED	$ 231.72	$ 23.17		$ 4.63	$ 2.32	
70	ANDRUSS, ZANE	$ 336.82	$ 33.68		$ 6.74	$ 3.37	
70	ELDRIDGE, JESSICA MARIE	$ 604.45	$ 60.45		$ 12.09	$ 6.04	
70	MALIK, SHAHID M	$ 486.00	$ 48.60	$ 175.50	$ 9.72	$ 4.86	
70	SHERIFF, ANSARIE A (BOBBY)	$ 2,031.75	$ 203.17	$ 225.00	$ 40.63	$ 20.32	
70	YOUNG-CALE, AMANDA	$ 2,435.01	$ 243.50	$ 225.00	$ 48.70	$ 24.35	
76	AZUARA, ANGELO ALEXANDER	$ 883.50	$ 88.35		$ 17.67	$ 8.83	
76	BOWDEN, GAVIN LEE	$ 42.79	$ 4.28		$ 0.86	$ 0.43	
76	FITZPATRICK, OLIVER MICHAEL	$ 1,483.60	$ 148.36	$ 225.00	$ 29.67	$ 14.84	
76	GUIBE, MELISSA BUBUNE	$ 1,409.40	$ 140.94		$ 28.19	$ 14.09	
76	SALINAS, JAZMIN	$ 2,172.85	$ 217.28		$ 43.46	$ 21.73	$ 769.00
79	BALLO, EVAN M	$ 2,153.85	$ 215.38		$ 43.08	$ 21.54	
79	BARTOLIC, MIRA	$ 1,073.74	$ 107.37	$ 225.00	$ 21.47	$ 10.74	
79	CIUMAC, MARIANNA	$ 1,070.45	$ 107.05		$ 21.41	$ 10.70	
79	KHIANI, ASHOK P	$ 729.75	$ 72.98		$ 14.60	$ 7.30	
79	TUCKER, FREDRICK LEE	$ 588.50	$ 58.85		$ 11.77	$ 5.89	
79	SPUDICH, MARK PAUL	$ 128.17	$ 12.82		$ 2.56	$ 1.28	
82	IFEGWU, UCHA N	$ 235.56	$ 23.56		$ 4.71	$ 2.36	
82	MOHAMED, AHMED A	$ 1,064.46	$ 106.45		$ 21.29	$ 10.64	
82	OBOUR, FRANCO JR	$ 142.25	$ 14.22		$ 2.84	$ 1.42	
82	PECHKO, ALLAN C	$ 2,637.89	$ 263.79	$ 225.00	$ 52.76	$ 26.38	
82	SONII, WILLIAM J	$ 1,472.82	$ 147.28		$ 29.46	$ 14.73	
89	BARNES, ERIN JOSEPH	$ 845.29	$ 84.53		$ 16.91	$ 8.45	
89	BOUBACAR, BAH	$ 1,052.30	$ 105.23	$ 225.00	$ 21.05	$ 10.52	
89	HILL, JAMES L.	$ 907.13	$ 90.71		$ 18.14	$ 9.07	
89	JOHNSON, RYAN W	$ 770.81	$ 77.08		$ 15.42	$ 7.71	
89	PRAH, EUGENE KING	$ 1,107.12	$ 110.71	$ 225.00	$ 22.14	$ 11.07	
89	SMITH, WILLIAM PRESTON	$ 434.93	$ 43.49	$ 225.00	$ 8.70	$ 4.35	
89	TAFERE, FILMON	$ 481.33	$ 48.13		$ 9.63	$ 4.81	
89	HEDRICK, MATTHEW DAVID	$ 451.28	$ 45.13		$ 9.03	$ 4.51	
CORP	BIVONA, JOSEPH L	$ 3,269.23	$ 97.16	$ 225.00	$ 19.43	$ 9.72	$ 2,959.00
CORP	MARUZZO, ANNABELLE	$ 2,307.68	$ 97.16	$ 200.00	$ 19.43	$ 9.72	
CORP	MILLER, ANGELA	$ 2,307.69	$ 97.16	$ 200.00	$ 19.43	$ 9.72	$ 574.00
CORP	SOFFERMAN, TALIA	$ 1,680.00	$ 97.16	$ 200.00	$ 19.43	$ 9.72	
CORP	CARILLO, DANIEL	$ 1,680.00	$ 97.16	$ 150.00	$ 19.43	$ 9.72	
CORP	MADRID, JACKLYN NICOLE	$ 1,404.48	$ 97.16	$ 147.75	$ 19.43	$ 9.72	
CORP	MARTINEZ, HUMBERTO	$ 1,496.68	$ 97.16	$ 200.00	$ 19.43	$ 9.72	
CORP	MONTES, DANIEL	$ 1,027.50	$ 97.16		$ 19.43	$ 9.72	
CORP	SAENZ, CESAR	$ 1,003.56	$ 97.16		$ 19.43	$ 9.72	
CORP	SOTO, LESLEY	$ 1,643.85	$ 97.16	$ 200.00	$ 19.43	$ 9.72	
CORP	SOLOWAY, DANIELLA L	$ 2,307.69	$ 97.16	$ 150.00	$ 19.43	$ 9.72	
CORP	SALAMANCA JONATHAN LUISITO	$ 1,374.62	$ 97.16		$ 19.43	$ 9.72	
CORP	CATALAN, OLIVE	$ 1,422.99	$ 97.16		$ 19.43	$ 9.72	
CORP	AVIMAEL RAMIREZ	$ 1,024.78	$ 102.48		$ 20.50	$ 10.25	
	TOTAL	**$ 114,099.44**	**$ 11,409.94**	**$ 7,473.25**	**$ 2,281.99**	**$ 1,140.99**	**$ 9,515.14**

Insider Employees*

*compensation subject to U.S. Trustee Guidelines

CORP	LIPMAN, BRADLEY	$ 4,615.20	$ 97.16	716.95	$ 19.43	$ 9.72	
CORP	LIPMAN, BRIAN	$ 1,846.15	$ 97.16	1069.94	$ 19.43	$ 9.72	$ 10,500.00
CORP	ASHER, DEAN	$ 1,153.84	$ 97.16		$ 19.43	$ 9.72	